

City Pension Fund for the Firefighters and Police Officers in the City of Miami Beach

SUMMARY PLAN DESCRIPTION



In the event of any discrepancy between the Summary Plan Description and the actual provisions of the plan, the plan shall govern.

PREPARED FEBRUARY 2001

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

SUMMARY PLAN DESCRIPTION

PREPARED JANUARY 2001

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DESCRIPTION AND THE ACTUAL PROVISIONS OF THE PLAN, THE
PLAN SHALL GOVERN.**

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH

SUMMARY PLAN DESCRIPTION

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GENERAL INFORMATION REGARDING THE PLAN

NAME OF PLAN

City Pension Fund For Firefighters and Police Officers in the City of Miami Beach

BUSINESS ADDRESS OF PLAN

Fire and Police Pension Office
605 Lincoln Road Suite 400
Miami Beach, Florida 33139
(305) 673-7039

PLAN YEAR

The Plan year begins October 1st and ends September 30th of each year. The records of the Plan are maintained on the same fiscal basis.

PLAN ADMINISTRATION

The general administration and responsibility for the proper operation of the Pension System and for making effective the provisions of the Plan are vested in a Board consisting of nine persons, as follows:

- ▶ Three Trustees elected from the membership of the Fire Department
- ▶ Three Trustees elected from the membership of the Police Department
- ▶ Three Trustees appointed by the Mayor from the City Administration

The term of office for the elected Trustees is two years.

Each Trustee is entitled to one vote on the Board. Five votes shall be necessary for a decision by the Trustees at any meeting of the Board.

Regular meetings of the Board of Trustees are scheduled on the third Thursday of each month at the Fire and Police Pension Office at 8:30 A.M.

The Trustees shall serve without compensation, but they may be reimbursed for all necessary expenses which they may actually expend through services on the Board.

GENERAL INFORMATION REGARDING THE PLAN

BOARD OF TRUSTEES

Chairman - Eric A. Yuhr
Secretary - David P. Tracey

Fire Department - Three (3) Members - Serving a Two Year Term
Elected by Fire Department Plan Members and Retirees

Henry Bryant
Firefighter I

Donald Sapp
Firefighter II

Eric Yuhr
Division Chief

Police Department - Three (3) Members - Serving a Two Year Term
Elected by Police Department Plan Members and Retirees

Louis R. Alberti
Police Officer

Warren R. Smith
Police Officer

David P. Tracey
Police Officer

City Administration - Three (3) Members - Appointed by the Mayor

Mayra Diaz Buttacavoli
Assistant City Manager

Odalys Mon
Special Projects Coordinator

Debora J. Turner
First Assistant City Attorney

AGENT FOR SERVICE OF LEGAL PROCESS

The Chairman of the Board is the Agent for Service of legal process, or in the absence of the Chairman, the Agent for Service of legal process is the Secretary of the Board.

PROFESSIONAL SERVICES AND CONSULTANTS

The Board may engage such services from professionals and consultants as the Board feels are required to transact the business of the System. Professionals and consultants employed by the Board are:

EXECUTIVE DIRECTOR

Celia Borenstein Locke
Fire and Police Pension Office
605 Lincoln Road Suite 400
Miami Beach FL 33139-2802
(305) 673-7039

LEGAL COUNSEL

Stephen H. Cypen, Esq.
Cypen & Cypen
825 Arthur Godfrey Road
Miami Beach FL 33140
(305) 532-3200

CERTIFIED PUBLIC ACCOUNTANT

Donald F. Bellantoni, C.P.A., Partner
Koch, Zelko, Roth, Reiss, Bellantoni,
Schinder, Rosenberg, P.A.
4700 Sheridan Street Bldg. N
Hollywood FL 33021-3497
(954) 989-7462 (305) 652-4255

CONSULTING ACTUARY

Zanese Duncan, A.S.A., E.A.
Buck Consultants
200 Galleria Parkway, N.W.
Suite 1900
Atlanta GA 30339
(770) 955-2488

INVESTMENT MANAGERS

Henry P. Renard
Exec. Vice President
Inverness Counsel
545 Madison Avenue
New York NY 10022
(212) 207-2107

Wayne T. Owen
Managing Director
RhumbLine Advisers
30 Rows Wharf
Boston MA 02110
(617) 345-0434

Robert Rodriguez
Vice President
Wellington Trust Company
75 State Street
Boston MA 02109
(617) 951-5500

PERFORMANCE CONSULTANT

George S. Ling, Exec. Vice President
GRS Asset Consulting Group
301 East Las Olas Boulevard #200
Fort Lauderdale FL 33301
(954) 527-1616

CUSTODIAN

Ann Orsek, Vice President
Fiduciary Trust International of the South
100 Southeast Second Street #2300
Miami FL 33131-1101
(305) 372-1260

MEDICAL BOARD

Anne M. Garami, M.D.
4302 Alton Road
Suite 510
Miami Beach FL 33140
(305) 531-0672

Cornel Lupu, M.D.
4302 Alton Road
Suite 440
Miami Beach FL 33140
(305) 531-1204

Lawrence A. Snetman, M.D.
400 Arthur Godfrey Road
Suite 408
Miami Beach FL 33140
(305) 673-6333

GENERAL INFORMATION REGARDING THE PLAN

CUSTODIAN

According to the Plan the City of Miami Beach shall have the custody of and responsibility for any funds, stocks, bonds, notes or other evidences of indebtedness and such custody shall be for the purpose of safekeeping only. The Custodian employed by the City is:

TRUST ACCOUNT

Fiduciary Trust International
of the South
100 Southeast Second Street
Suite 2300
Miami, Florida 33131-1101

DEMAND (CHECKING) ACCOUNT

SunTrust Bank, Miami, N.A.
777 Brickell Avenue
Miami, Florida 33131-2803

RELEVANT PROVISIONS AND REGULATIONS OF STATE OR LOCAL LAW GOVERNING THE PLAN

The Plan is a Defined Benefit Plan covering substantially all Police Officers and Firefighters in the City of Miami Beach, created under, Chapter 23414, Laws of Florida, Special Act of 1945, as amended through November 2, 1999.

The Plan appears in the Code of the City of Miami Beach, Part I, Charter and Related Special Acts, Subpart B, Related Special Acts, Article IX, "Pension System for Disability and Retirement of Members of Police and Fire Departments."

The Plan is also subject to the provisions of:

- ▶ Chapter 175, Florida Statutes, "Municipal Firefighters Pension Trust Funds"
- ▶ Chapter 185, Florida Statutes, "Municipal Police Officers Retirement Trust Funds"
- ▶ Chapter 112, Florida Statutes, "Public Officers and Employees"

MEMBERSHIP IN THE FUND

ELIGIBILITY

Any employee of the City who is an employee as is herein defined is eligible to be a Member of the Plan:

The term "employee" means any regular member of the Police Department or the Fire Department who has attained regular Civil Service Status in such departments under the official classification of positions in the classified service of the City, having a rank in such department other than civilian rank and other than the classification of school guard. Unless they have never held classified positions, the chiefs of the Police and Fire Departments shall be considered employees of this System.

After obtaining regular status, the employee must execute a contract with the City.

A physical examination is required as prescribed by the Board of Trustees; however, results of such examination shall not affect eligibility for membership, but shall be used for proper administration of the System by the Board.

Any member who separates from active service with the Fire or Police Departments to accept an appointment to any office in the Unclassified service of the City shall continue to have all the rights, privileges and responsibilities of this System.

BUY BACK OF SERVICE TIME

BUY BACK OF CREDITABLE TIME

After obtaining Regular Status, new Members of the Police and Fire System have six months in which to buy back, for creditable pension time, their respective probationary period.

PRE-EMPLOYMENT MILITARY TIME

A Member with 20 years of creditable service may purchase up to four (4) years of pre-employment military service. The price for each such year is 10% of the aggregate of all salary during the 12 months preceding the date of such purchase.

Service purchased under this section shall be determined in accordance with the three (3%) percent benefit rate.

HOW BENEFITS ARE FUNDED

The Fire and Police Pension System is funded by contributions from the members, the City of Miami Beach and income from the invested assets.

CONTRIBUTIONS BY MEMBERS

Each member of the Fund contributes 10% of his salary.

Contributions are made on a pre-tax basis under Section 414(h) of the Internal Revenue Code.

CONTRIBUTIONS BY CITY

The City must contribute an amount determined by the Plan's actuary to be sufficient, along with the member's contribution to fund systematically the benefits under the Plan. The Employer's contribution will vary depending on the experience of the Plan.

The anticipated Administrative expenses required to meet the cost of the Fund will be funded through future normal contributions by the City and will be taken into account in the valuation.

RETIREMENT ELIGIBILITY

SERVICE RETIREMENT

Members may retire on a Service Retirement upon meeting of any one of the following:

- ▶ the attainment of age 50
- ▶ the sum of the member's age and creditable service equals at least 70 (Rule of 70)

RETIREMENT BENEFITS

AMOUNT OF BENEFIT

Upon service retirement, an employee receives a monthly benefit payable for life, equal to 3% of his average monthly salary for each of his first 15 years of creditable service and 4% of such average monthly salary for each year of creditable service in excess of 15 years, provided that the benefit is not to exceed 90% of the average monthly salary.

Average monthly salary is defined as 1/12 of the average of the two highest paid years of the member prior to the date of retirement or termination, or the average of the last two paid years of the member prior to the date of retirement or termination, whichever produces the greater benefit.

Notwithstanding this definition, however, the inclusion of overtime in the member's salary for the two highest paid years, or last two years, as the case may be, shall be limited in each year to an amount which is equal to 70% of the difference between the annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank.

See Examples on pages 7A (Fire) and 7B (Police).

EXAMPLE

Classification: Firefighter I 25 Years of creditable service

Highest 2 Years Salary
 Year 1 70,000 includes overtime 11,000
 Year 2 65,000 includes overtime 5,000

Overtime Limit Calculation: Firefighter 1 to Firefighter II
Firefighter I - pay rate at retirement
 1,952.24
 11% Longevity 214.75 25 Years
 2166.99

Firefighter II - highest pay rate (next higher salary rank)
 2,186.43
 240.51
 2,426.94

Highest annualized pay rate of Firefighter II 2,426.94 x 26.1 = 63,343.13
 Annualized pay rate of Firefighter I 2,166.99 x 26.1 = 56,558.44
 6,784.69 Difference
 x 70% Limit
 4,749.28

Overtime Limit - Review two highest paid years to determine if overtime is limited:

Year 1 70,000 - 11,000 + 4,749.28 63,749.28
 Year 2 65,000 - 5,000 + 4,749.28 64,749.28
 128,498.56

Two highest paid years with overtime limit

To determine average monthly salary:

128,498.56 / 2 = 64,249.28
 64,249.28 / 12 = 5,354.11

Average Monthly Salary

5,354.11 x 15 yrs x 3% = 2,409.35
 5,354.11 x 10 yrs x 4% = 2,141.64
 4,550.99

Normal Retirement Pension payable

Normal Retirement Pension payable

Monthly

Annual

54,611.88

EXAMPLE

Classification: Police Officer 25 Years of creditable service

Highest 2 Years Salary

Year 1	70,000	includes overtime	11,000
Year 2	65,000	includes overtime	5,000

Overtime Limit Calculation: Police Officer to Sergeant of Police

Police Officer - pay rate at retirement Sergeant of Police highest pay rate (next higher salary rank)

11% Longevity	1,952.24	25 Years	2,259.76
	214.75		248.57
	2166.99		<u>2,508.33</u>

Highest annualized pay rate of Sergeant
Annualized pay rate of Police Officer

2,508.33 x 26.1 =	65,467.41
2,166.99 x 26.1 =	56,558.44
	<u>8,908.97 Difference</u>
	<u>x 70% Limit</u>
	<u>6,236.28</u>

Overtime Limit - Review two highest paid years to determine if overtime is limited:

Year 1	70,000 - 11,000 + 6,236.28	65,236.28
Year 2	65,000 - 5,000 + 5,000.00	65,000.00
		<u>130,236.28</u>

Two highest paid years with overtime limit

To determine average monthly salary:

130,236.28 / 2 =	65,118.14
65,118.14 / 12 =	5,426.51

Average Monthly Salary

5,426.51 x 15 yrs x 3% =	2,441.93
5,426.51 x 10 yrs x 4% =	<u>2,170.60</u>
	4,612.53

Normal Retirement Pension payable

Normal Retirement Pension payable

Monthly	4,612.53
Annual	55,350.36

DEFERRED RETIREMENT OPTION PLAN (DROP)

DROP is a program that allows the member to effectively retire without terminating employment.

This program is available to any member on the first day of any month following the date upon which the member becomes eligible for a normal service retirement:

- ▶ upon the attainment of age 50, or
- ▶ the sum of the member's age and creditable service equals at least 70 (Rule of 70)

The DROP shall contain such terms and provisions as may be necessary to reflect the terms of the bargaining agreements in the contract covering the period of October 1, 1997 and September 30, 2000, between the City and the unions (IAFF and FOP), and any amendments to those agreements.

For specific information on the DROP program, see the DROP provisions in union contract Appendix C (Fire) and Appendix D (Police).

VESTED RETIREMENT BENEFITS

Any employee who terminates employment after the completion of 10 years of creditable service but prior to age 50, may elect, in lieu of the return of his/her accumulated contributions, to receive at age 50 a monthly benefit payable for life, equal to his/her service retirement benefit accrued to date of termination. In the event of death prior to age 50, only a refund of the accumulated employee contributions plus interest at 3% per annum is paid to the estate.

RETURN OF CONTRIBUTIONS BEFORE ELIGIBILITY FOR RETIREMENT

If a member resigns or is lawfully discharged, or if the member dies from causes not attributable to his/her active duties prior to the completion of 5 years of membership in the department, or by death in active service leaving no surviving spouse, surviving children or surviving dependent parents entitled to benefits, his/her contributions with interest at 3% per annum are returned to him/her or to the estate.

DISABILITY RETIREMENT PROVISIONS

TOTAL AND PERMANENT DISABILITY INCURRED IN THE LINE OF DUTY

Eligibility is immediate upon becoming a member.

Any employee who becomes totally and permanently disabled at any time as the result of illness or injury suffered in the line of duty may be retired on an accidental disability benefit.

Upon the accidental disability retirement a member receives a monthly benefit equal to his service retirement benefit accrued to the date of disability. The minimum benefit payable is 85% of current salary of the member at the time of disability retirement less any offset that may be required by Workers' Compensation.

TOTAL AND PERMANENT DISABILITY NOT INCURRED IN THE LINE OF DUTY

Any member who becomes totally and permanently disabled after completion of 5 years of creditable service, as the result of illness or injury not suffered in the line of duty, may be retired on an ordinary disability retirement benefit.

Upon ordinary disability retirement, a member receives a monthly benefit equal to his service retirement benefit accrued to the date of disability.

DISABILITY RETIREMENT CLAIMS AND GUIDELINES

All applications for disability retirement are filed with the Board of Trustees. A medical board of three doctors will examine the member and report their findings to the Board of Trustees, who will rule on the request for disability retirement, based on all reports and examinations available.

The criteria that must be met for the Board to grant a service connected disability retirement is: (1) Total, (2) Permanent and (3) Service Incurred.

The criteria that must be met for the Board to grant a non-service connected disability retirement is: (1) Total and (2) Permanent.

It takes 5 affirmative votes of the Board of Trustees to grant a disability retirement.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
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DISABILITY CLAIMS PROCEDURES

I. COMMENCEMENT OF CLAIM

- A. A member who believes he or she is eligible for a disability pension ("Applicant") shall apply therefor on a form made available by the Board of Trustees ("Board") or a form otherwise acceptable to the Board ("Application").
- B. The Applicant shall also execute such releases, authorizations or other documents deemed necessary for the Board to obtain a complete file of relevant documentation.
- C. The Applicant shall fully cooperate with the Board to assist the Board in obtaining such complete file.
- D. The Applicant shall have the right to be represented by legal counsel at any and all stages of the claims procedure.

II. INFORMAL HEARING

- A. At the informal hearing, the Board shall consider only the documentary evidence contained in the file and any evidence received pursuant to paragraph B below.
- B. Other than answers to questions from members of the Board or from the Board's attorney, the Board will take no additional evidence at the informal hearing, although the Applicant or his legal counsel may make a short presentation, limited to comments or arguments as to the evidence contained in the file.
- C. Upon completion of review of the Application at the informal hearing, the Board shall render a decision unless it finds that the file is incomplete or that additional information should be obtained. In the latter case, the Board may defer ruling and continue the informal hearing to such time as the Board finds that the file is complete.
- D. The Board shall decide the merits of the Application by motion duly adopted and shall subsequently furnish a copy thereof to the Applicant. In addition, the Board shall provide a written explanation of the right to a formal hearing on the Application and the time limit within which a formal hearing must be requested in writing.
- E. The decision of the Board after the informal hearing shall not be final until after the time has expired to request a formal hearing, or, if a full hearing is timely requested, until the Board makes a decision following the formal hearing.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
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DISABILITY CLAIMS PROCEDURES

III. FORMAL HEARING

- A. An Applicant may request a formal hearing on the Application upon which the Board has made a decision on the merits following an informal hearing.
- B. The request for a formal hearing must be in writing and must be physically received by the Board within 30 days of service of the Board's written decision on the merits after the informal hearing. Service by the Board will be deemed to have been made on the date of mailing by the Board to the Applicant.
- C. After the Applicant has timely begun the process for a formal hearing, the Applicant or the Applicant's legal counsel must notify the Board's attorney in order to work out mechanics such as discovery and a mutually convenient time for the formal hearing. However, in all cases, at least sixty business days prior to the formal hearing, the Applicant or the Applicant's legal counsel must (1) provide Board and the Board's attorney with copies of all medical reports or other relevant documentary evidence in the Applicant's possession or of which the Applicant has knowledge, (2) provide the Board's attorney a list of names, addresses and telephone numbers of each and every witness the Applicant claims has knowledge relating to the Application and (3) provide the Board's attorney with a short statement or summary of the testimony of each and every witness. If the foregoing period is not sufficient, the Board's attorney will advise the Board that the formal hearing should be postponed to a later date. If the Applicant or the Applicant's legal counsel does not comply with this paragraph, the Applicant may be precluded from offering the testimony or evidence at the formal hearing.
- D. Except for discovery requested by the Board or the Board's attorney, all costs of discovery, including the compensation of professional and lay witnesses, shall be borne by Applicant.
- E. The Applicant shall be responsible to obtain the attendance of the Applicant's witnesses at the formal hearing. Upon timely written request by the Applicant, the Board shall issue subpoenas for the attendance of witnesses at depositions and at the formal hearing. The Board may charge a reasonable fee for issuance of subpoenas to the extent permitted by law. If provided in accordance with these procedures, transcripts of depositions shall be made part of the file. Although such transcripts will not necessarily be read into the record, any portions thereof may be read into the record by any party and may be referred to in argument. In all cases, the Applicant shall bear the burden of proof to show entitlement to the benefits sought.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

DISABILITY CLAIMS PROCEDURES

- F. Should the Applicant decide to appeal a decision made by the Board with respect to any matter considered at the formal hearing, the Applicant will need a record of the proceedings, and, for such purpose, the Applicant may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.
- G. Decisions of the Board after a formal hearing shall be final and binding, subject to judicial review. Such decisions shall set forth the specific reasons for denial as provided in Section 112.66(7), Florida Statutes.
- H. The Board shall decide the merits of the Application by motion duly adopted and shall subsequently furnish a copy thereof to Applicant. Service by the Board will be deemed to have been made on the date of mailing by the Board to the Applicant.
- I. Judicial review of decisions of the Board shall be had in the manner prescribed by law.

IV. MISCELLANEOUS

- A. Informal hearings and formal hearings will be held during regular Board meetings as part of the regular Agenda. No Applicant has the right to demand or to receive a special setting upon the Application.
- B. Applications will generally be heard in the order filed. However, in some cases a later-filed Application will be ready for hearing before an earlier-filed Application. In such a case, the Application first ready to be heard will be heard first.
- C. If more than one Application is ready for formal hearing, the earliest-filed Application shall be heard first and other Applications which are ready shall be heard in the order filed. However, in fairness to the Applicant and to the Board, the Board may limit the number of formal hearings heard on any single Agenda.
- D. Testimony of all witnesses shall be under oath or affirmation.

SURVIVORS' BENEFITS

Definitions: The term "surviving spouse" shall mean the lawfully wedded spouse of a member of the System living with the member at the time of the member's death.

The term "handicapped child" means a child of a member who has reached the age of eighteen (18) who is primarily dependent upon the member for the child's livelihood or support due to a mental or physical condition or handicap of the child which requires, or otherwise would have required, the member to provide primary support for the child.

The term "dependent parent" means a parent of a member for whom a member is entitled, or would have been entitled, to claim a dependency exemption for federal income tax reporting purposes.

BENEFIT FOR SERVICE CONNECTED DEATH

Eligibility is immediate upon becoming a member.

Upon the death of a member resulting from injury suffered in the line of duty,

- (1) to the surviving spouse, the greater of the accrued benefit at date of death or 85% of the member's salary at the time of death.
- (2) if there is no surviving spouse, or if the surviving spouse remarries or dies, then the greater of the accrued benefit or 85% of the salary is paid to unmarried children in equal shares until (a) the age 18, (b) age 22 if a full time student, or (c) in the case of a handicapped child, if the child ceases to be handicapped or if the child marries or dies.
- (3) if there are no benefits payable to a child or children, the greater of the accrued benefit or 85% of salary is paid to the dependent parent. If both parents are dependent parents such benefit shall be paid equally.

BENEFIT FOR NON-SERVICE CONNECTED DEATH

Eligibility is after 5 years of creditable service.

Upon the death of a member from causes not attributable to his/her duties, and if such death shall occur after his/her having completed 5 years of creditable service, or if such member

shall die subsequent to having met the requirements for retirement, a death benefit is payable to the surviving spouse and/or dependent children and/or dependent parents.

The non-service connected death benefit is a monthly benefit payable as follows:

- (1) To the surviving spouse, until death or remarriage, the amount of benefit to which the deceased member was entitled or receiving at the time of death payable for the first 12 months, and thereafter 75% of the total benefit under the Fund, or 25% of average monthly salary, whichever is greater, provided that if the surviving spouse was married to the deceased member less than 10 years, the benefits are payable no longer than for the period of the normal life expectancy of the deceased member at the time of his/her death.
- (2) If there is no surviving spouse, or if the surviving spouse remarries or dies, then the spouse's benefit shall be paid in equal shares to unmarried children until (a) age 18, (b) age 22 if a full-time student, or (c) a physically or mentally handicapped child ceases to be handicapped or marries or dies. If there are no dependent children, then dependent parents will receive the spouse's benefit in equal shares.

COST OF LIVING

A pensioner, or a beneficiary of such member, will have his/her benefits increased by 2.5% of the total amount payable under this Fund each October 1, provided that the recipient has been receiving a benefit for at least one year under this Fund. For any member who must wait more than twelve months for his/her first such increase, the amount of increase commencing with the first October 1 he/she receives said increase will be 2.5% multiplied by the number of months since retirement and divided by 12.

PRESENTING CLAIMS FOR BENEFITS UNDER THE PLAN

All claims for benefits must be presented to the Board of Trustees. The Executive Director will supply the necessary forms for the proper filing of the claim.

If the claim is such that there is no special form, a letter should be addressed to the Board and mailed to the Plan address. Members who wish to present such claims have the right to appear at a hearing before the Board of Trustees.

COLLECTIVE BARGAINING

Certain employees covered by the Plan are members of the following collective bargaining units:

- ▶ International Association of Firefighters, Local 1510, AFL-CIO-CLC
- ▶ Miami Beach Fraternal Order of Police - William Nichols Lodge No. 8

For the contract period 10/01/1997 - 09/30/2000, there were various pension changes: The separate benefit structure for Post-May 19, 1993 members was eliminated as of September 30, 2000; effective October 1, 1999 the Base and Supplemental Plans were merged; the Rule of 70 was implemented; the DROP was adopted; and there were special one time buyback provisions.

For your information see union contract for negotiated pension changes. Appendix C (Fire) and Appendix D (Police).

NON ASSIGNABILITY

No pension provided for herein shall be assignable or subject to garnishment for debt or to other legal process, and no pension provided for herein shall be subject to any deductions or assessments by the City of Miami Beach, Florida, nor shall any benefits hereunder be altered or modified in any respect due to the fact that any member may be the recipient of any benefits from any other pension. However, pension benefits are subject to legal process to satisfy a spousal and/or child support order(s).

The Plan does have a provision relating to offsets for Workers' Compensation benefits paid by the City to a member who retired on a Service Connected Disability for the same condition for which Workers' Compensation benefits are being paid. Offset for Workers' Compensation is limited to the extent by which the total of Workers' Compensation benefits and disability benefits exceed 100% of average monthly wage as defined under Workers' Compensation.

IMPORTANT NOTICE

There are certain circumstances which may result in the disqualification, ineligibility, denial, loss, forfeiture or suspension of benefits in this Plan. The following is a list of these circumstances:

WITHDRAWAL OF CONTRIBUTIONS

If a member leaves the employment of the City and withdraws his/her contributions plus interest, the member ceases to be eligible for benefits.

CESSATION OF PENSION

The pension plan has a provision which provides for cessation of pension as follows:

The pension provided for herein shall cease upon conviction of a felony of a member receiving the benefits herein provided and actual incarceration in the penitentiary, then such pension shall be paid to the wife or children as herein prescribed for a deceased member under this Plan, until his official release from incarceration, then the pension will be paid to the pensioned member again.

FORFEITURE OF PENSION

Florida Statutes, Section 112.3173 provides for the forfeiture of retirement benefits by public officers or public employees who are convicted of (including a plea of guilty, a plea of no contest or a jury verdict of guilty when adjudication is withheld and probation is ordered), or whose office or employment is terminated by reason of his admitted commitment of, certain offenses, to-wit:

1. committing, aiding or abetting of an embezzlement of public funds
2. the committing, aiding or abetting of any theft by a public officer or employee from his employer
3. bribery in connection with the employment of a public officer or employee
4. any felony specified in Chapter 838, Florida Statutes (bribery; misuse of public office)
5. the committing of an impeachable offense

6. the committing of any felony, wilfully intended to defraud the public or the public agency of the right to receive faithful performance of duties, where a profit, gain or advantage through the use or attempted use of the power, rights, privileges, duties or positions of the public office or employment is realized, obtained or attempted to be realized or obtained.

RE-EXAMINATION OF PENSIONS

The Board of Trustees shall have the power to examine into the facts upon which any pensions are granted under this System and to ascertain if any pension has been granted or obtained erroneously, fraudulently, or illegally for any reason. Said Board shall also be empowered to purge the pension rolls of any pensions granted under this System, if the same are found to be erroneous, fraudulent or illegal for any reason; and to reclassify any pensioner who, under this System, is erroneously, improperly or illegally classified.

RECOVERING FROM DISABILITIES

In the event a member who has been retired on a pension on account of permanent and total incapacity regains his health and is found, by the Medical Board designated by the Board of Trustees of this System, to be in such physical and mental condition as to meet the requirements of the Personnel Department for service acceptable to the City, the Board shall order his/her pension discontinued, and he/she shall be ordered to resume active service in the department from which he/she was retired at the same or similar work as that at which he/she was employed prior to the disability retirement or at any other work within the limits of his/her physical or mental capabilities at a rate of compensation not less than seventy (70) per cent of the pay at the time of his/her return to active service for the classification occupied by him/her prior to the disability retirement. Upon request of the City Manager, the Board shall review the condition of any member receiving a pension for disability and shall submit to the City Manager a report thereon; and if there shall be substantial evidence that the retired member is capable of performing service acceptable to the City in the Department from which such member was retired, he shall be ordered to resume active duties and his pension shall be discontinued.

TERMINATION OF PLAN

In case of termination of the System, or in the event of the discontinuance of contributions thereunder having the effect of such termination, the rights of all members of this System to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be nonforfeitable.

IRS QUALIFICATION

This Defined Benefit Plan is meant to comply with the provisions of the Internal Revenue Code. The Board of Trustees will take no action which may jeopardize the qualification of the Plan.

**FINANCIAL DATA SUMMARY
SEPTEMBER 30, 2000**

Appendix A

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
STATEMENT OF PLAN NET ASSETS
SEPTEMBER 30, 2000**

<u>Assets</u>	
Investments, at fair value	
Short-term obligations	\$ 16,998,858
U.S. Government securities	41,903,545
Corporate bonds	135,797,002
Common stocks	233,080,358
Money market funds	1,236,602
Collective investment fund	<u>13,118,038</u>
Total investments	442,134,403
Cash	10,000
Accrued interest receivable	<u>3,067,000</u>
Total assets	<u>445,211,403</u>
 <u>Liabilities</u>	
Deferred retirement option plan payable	3,258,752
Deferred City contribution	385,725
Commitments	<u>-</u>
Total liabilities	<u>3,644,477</u>
Net assets held in trust for pension benefits	<u>\$ 441,566,926</u>
(a schedule of funding progress is presented on page 11)	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

- 2 -

Koch Reiss & Company, P.A.
Certified Public Accountants & Counselors

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

Additions

Contributions	
City	\$ <u>-</u>
Employees	
Contributions	3,114,261
Buybacks	<u>581,040</u>
Total employees	<u>3,695,301</u>
Total contributions	<u>3,695,301</u>
Investment income	
Net appreciation in fair value of investments	29,258,218
Interest	12,473,680
Dividends	<u>2,544,548</u>
Total investment income	44,276,446
Less: investment expenses	1,170,092
deferred retirement option plan participants' earnings	<u>184,027</u>
Net investment income	<u>42,922,327</u>
Total additions	<u>46,617,628</u>

Deductions

Pension benefits paid	19,027,708
Administrative expenses	476,069
Refund of employee contributions	<u>93,555</u>
Total deductions	<u>19,597,332</u>
Net increase	27,020,296
Net assets held in trust for pension benefits	<u>414,546,630</u>
Beginning of year	
End of year	<u>\$ 441,566,926</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**ACTUARIAL VALUATION SUMMARY
OCTOBER 1, 1999**

Appendix B

		<u>Contribution for fiscal year beginning:</u>	
		<u>October 1, 1999</u>	<u>October 1, 2000</u>
Participant Data			
1.	Active Members		
a.	Number	497	502
b.	Annual rate of compensation	\$27,891,686	\$29,340,132
2.	Retired Members		
a.	Number on service retirement	264	275
b.	Annual benefits	\$12,114,025	\$12,453,469
c.	Number on disability retirement	57	57
d.	Annual benefits	\$1,949,860	\$2,063,806
e.	Number of beneficiaries of deceased members	80	82
f.	Annual benefits	\$997,007	\$1,107,125
g.	Number of deferred vested members	10	9
h.	Annual benefits	\$395,139	\$264,722
Assets			
	Assets for valuation purposes	\$369,058,140	\$383,118,149
	Market value of assets	\$380,271,194	\$414,546,630
Liabilities			
3.	Present value of prospective benefits payable in respect of:		
a.	Retired members and beneficiaries:		
i.	Present retirees on svc. ret. drawing allowances	\$139,194,649	\$146,245,499
ii.	Present beneficiaries drawing allowances	\$10,961,290	\$11,787,750
iii.	Present retirees on dis. ret. now drawing allowances	\$26,547,822	\$27,463,914
iv.	Sub-total	\$176,703,761	\$185,497,163
b.	Former active members eligible for deferred benefits	\$2,668,704	\$2,644,266

		<u>Contribution for fiscal year beginning:</u>	
		<u>October 1, 1999</u>	<u>October 1, 2000</u>
c.	Present active members:		
i.	Service retirement benefits	\$170,695,224	\$190,810,750
ii.	Deferred vested benefits	\$4,205,691	\$3,759,653
iii.	Disability benefits	\$12,820,190	\$15,606,331
iv.	Death benefits	\$6,816,269	\$6,759,162
v.	Return of contributions	\$835,775	\$543,800
vi.	Sub-total	<u>\$195,373,149</u>	<u>\$217,479,696</u>
d.	Total present value of all prospective benefits payable	\$374,745,614	\$405,621,125
e.	Anticipated Administrative expenses	\$1,864,250	\$1,892,250
4.	Present Value of Accrued Benefits	\$294,395,248	\$311,912,416
5.	Frozen Initial Liability	\$0	\$0
6.	Unfunded Prior Service Liability	\$0	\$0
Contribution			
7.	Normal Contribution Rate:		
a.	From City (including interest)	0.00%	1.31%
b.	From members	10.00%	10.00%
8.	Required City Contributions as % of Compensation (including interest):		
a.	Normal	0.00%	1.31%
b.	Prior service and military buyback	0.00%	1.00%
c.	Total	0.00%	2.31%
9.	Loaded Compensation on which Item 8. is based	\$30,291,461	\$31,749,987
10.	Required City Contributions (including interest)		
a.	Normal	\$0	\$415,925
b.	Prior Service plus Military Buy-back	\$0	\$317,500
c.	Total	\$0	\$733,425

<u>Contribution for fiscal year beginning:</u>		
	<u>October 1, 1999</u>	<u>October 1, 2000</u>
11. Percentage of Compensation to be Contributed by Members	10.00%	10.00%
12. Present Value of Active Members':		
a. Future salaries	\$213,575,100	\$217,671,700
b. Future contributions	\$21,357,514	\$21,767,171
13. Prior Fiscal Year's Contribution (cash basis):		
a. Required City	\$2,364,392	n/a
b. Actual City	\$2,364,392	n/a
c. Actual and required member	\$3,415,935	n/a
14. Accumulated Member Contributions	\$24,058,199	\$30,932,400

**International Association of Firefighters, Local 1510
Negotiated Pension Changes
Contract Period 10/01/1997 - 09/30/2000**

7.21. Pension. The pension benefits as they currently exist shall continue, except as follows:

- a) Effective October 1, 1998, the pre-May 19, 1993 Supplemental Plan shall be amended to include a Rule of 70 age and service option wherein employees whose age and length of service in years combine to a sum equal to or greater than 70 will be eligible to retire and collect the pension to which their length of service entitles them without any penalty. This provision is subject to the following conditions:
 - 1) The Board of Trustees of the Pension Fund for Firefighters and Police Officers in the City of Miami Beach adopts a change in the Actuarial Asset Valuation Method wherein the ratio of the Actuarial Asset Value is one-hundred percent (100%) of Market Value; and,
 - 2) the resulting decrease in the City's contribution for 1998/99 is equal to or greater than the actuarially determined cost for this benefit.
- b) Effective on September 30, 2000, the Tier B Pension Plan shall be eliminated and those sworn personnel covered under the Tier B Pension Plan shall be eligible for benefits as set forth in the pre-May 19, 1993, Supplemental Plan. Current employees covered under the Tier B Pension Plan shall be allowed to purchase their probationary time during the period of June 30, 2000 through September 30, 2000.
- c) **DEFERRED RETIREMENT OPTION PLAN (DROP)**
 - 1. **Eligibility** - Any active employee member of the Miami Beach Police and Firefighters Pension Plan may enter into the DROP on the first day of any month following the date upon which the employee first became eligible for a normal service retirement, subject to the conditions expressed herein or as modified from time to time.
 - 2. **Conditions of Eligibility** - Upon becoming eligible to participate in the DROP, an employee may elect to enter that program for a period not to exceed 36 months. Notwithstanding, participation may not continue beyond the date when the employee's combined years of creditable service and time in the DROP equals 352 months (387 months for employees who were Plan members prior to July 1, 1976), except for those persons entering the DROP under the window period set forth in Paragraph 11 below. Provided also that participation in DROP shall require the employee to complete and submit the following prior to start of DROP payments.
 - a) Such forms as may be required by the Pension Board of Trustee's Plan Administrator. Election in the DROP is irrevocable once DROP payments begin.

- b) A waiver and an irrevocable resignation from employment with the actual date of termination being the date designated by the employee as the end of his/her DROP participation. The administration and timing of execution and delivery of the waiver and resignation forms shall meet the requirements of the Age Discrimination in Employment Act and the Older Worker's Benefits Protection Act, as same may be amended from time to time.
- 3. **Conditions of Employment for DROP Participants** - Employees shall be subject to termination of employment while in DROP to the same extent as they were in their pre-DROP status. A person who has elected the DROP remains an employee during the DROP period and receives all the benefits of being an employee during the DROP period, except any form of pension contribution.
- 4. **Effect of DROP Participation**
 - a) An employee's credited service and his/her accrued benefit under the Pension Plan shall be determined on the date of his/her election to participate in the DROP first becomes effective.
 - b) The employee shall not accrue any additional credited service while he/she is a participant in the DROP, or after termination of participation in the DROP.
 - c) A DROP participant is not eligible for disability benefits from the Plan.
 - d) An employee may participate in the DROP only once.
 - e) Effective with the start date of an employee's DROP participation, contributions to the Pension Plan by the employee and the normal cost contribution to the Pension Plan by the City, on behalf of the employee, shall cease.
- 5. **Payments to DROP Account** - A DROP account shall be created for each member who elects to participate in the DROP. A DROP account shall consist of amounts transferred to the DROP from the Plan, which include the monthly retirement benefits, including any future cost of living increases, that would have been payable had the member elected to cease employment and receive a normal retirement benefit upon commencing participation in the DROP, and earnings on those amounts.
- 6. **DROP Account Earnings**
 - a) A member's DROP account shall be credited or debited at a rate equal to the actual net rate of investment return realized by the Pension Plan; provided, however, no DROP account will be credited with earnings that exceed the return that would be produced by the annual assumed earnings rate as established for the Pension Plan. Any excess earnings shall be retained by the Pension Fund. "Net investment return" for the purpose of this paragraph is the total return of the assets in which the member's DROP account is invested by the Board of Trustees net of brokerage commissions, investment management fees, transaction costs, and DROP account administrations costs. The actual DROP account administration costs shall be determined by the City's Internal Auditor in consultation with the Board of Trustees.

- b) A member's DROP account shall only be credited or debited with earnings while the member is a participant in the DROP and, depending on the DROP Account Payment Options selected, after the member dies, retires, or terminates employment with the City of Miami Beach.
7. **Payment of DROP Account Funds** - Upon termination of a member's employment (for any reason, whether by retirement, resignation, discharge, disability, or death), the retirement benefits payable to the member or to the member's beneficiary shall be paid to the member or beneficiary and shall no longer be paid to the member's DROP account. No payments will be made from the DROP account until the member terminates employment.
8. **DROP Account Payment Options** - Following the termination of a participant's employment, the participant shall select one of the following options to begin to receive payment from his/her DROP account. Said selection shall occur no later than 30 days prior to the end of the DROP participation period or within 30 days following the termination of a participant's employment if said termination of employment occurs prior to the end of the DROP participation period:
- a) **Lump Sum** - All accrued DROP benefits, plus interest, shall be paid from the DROP in a single lump sum payment.
 - b) **Partial Lump Sum** - A member designated portion of accrued DROP benefits, plus interest, shall be paid from the DROP in a partial lump sum payment with the remainder being directly rolled over into an eligible retirement plan.
 - c) **Direct Rollover** - All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan.
 - d) Other method(s) of payment that are in compliance with the Internal Revenue Code and adopted by the Pension Board of Trustees.
9. **Death of DROP Participant** - If a DROP member dies before his/her account balances are paid out in full, the participant member's designated beneficiary shall have the same rights as the member to elect and receive the pay-out options set forth in Paragraph 8, above. DROP payments to a beneficiary shall be in addition to any other retirement benefits payable to the beneficiary.
10. **Administration of DROP Accounts**
- a) The Pension Board of Trustees shall make such administrative rules as are necessary for the efficient operation of DROP, but shall neither create any rule that is inconsistent with the legislation creating the Drop, nor any rule that would be a mandatory subject of collective bargaining.
 - b) At all times, the DROP will be administered so that the Plan remains qualified under the Internal Revenue Code and is in compliance with the Internal Revenue Code and applicable laws and regulations.

11. **Eligibility Exceptions**


- a) A one-time "window period" shall occur for 45 days from the effective date of the DROP.
- b) During the window and subject to the other eligible conditions expressed herein, employees with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service may elect to enter the DROP for a term not to exceed 36 months.
- c) Members with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service as of the effective date of DROP who choose not to participate in DROP during this one-time window period shall forfeit the right to exceed the total service limits set forth in paragraph 2 (Conditions of Eligibility) above.

12. If any provision of this DROP should be found invalid, unlawful, or not enforceable by reason of any existing or subsequently enacted legislation, or by judicial authority, or by an IRS regulation/ruling, the City and the Union agree to meet within 30 days of such determination for the purpose of negotiating a resolution to the invalid provision(s).

The adoption and implementation of Section 7.21 is contingent upon the Police and Fire Pension Board adopting the 100% "fresh start" provision referenced in Section 7.21 of the 1997/2000 collective bargaining agreement on or before September 2, 1998. It is the intent of the parties that the Police and Fire Pension Board adopt the 100% "fresh start" actuarial asset valuation method and that the Police and Fire Pension Board will not take any action to reverse the adoption of the 100% "fresh start" actuarial asset valuation method during the respective valuation period.

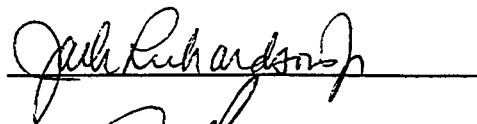

EXECUTED by the parties hereto on the date first above written.


INTERNATIONAL ASSOCIATION
OF FIRE FIGHTERS LOCAL 1510,
AFL-CIO-CLC

By 
David Noel
IAFF President

CITY OF MIAMI BEACH, FLORIDA

By 
Sergio Rodriguez
City Manager

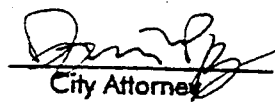

Mayor
Neisen Kasdin

Approved by Vote of the
City Commission on the 23rd
day of September, 19 98.

ATTEST:


City Clerk
Robert Parcher

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION


City Attorney

9/14/98
Date

RWB:lsg

a:IAFF/CONTRACT97\IAF97-20.FNL

FIRE AND POLICE PENSION OFFICE
MIAMI BEACH, FLORIDA



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**REVISION OF THE CURRENT AGREEMENT BETWEEN THE INTERNATIONAL
ASSOCIATION OF FIRE FIGHTERS, LOCAL 1510 (IAFF) AND THE CITY OF
MIAMI BEACH, FLORIDA**

The International Association of Fire Fighters, Local 1510 (IAFF) and the City of Miami Beach, Florida (City), agree to the following revisions of Article 7, Section 7.21 Pension, and 7.21c) Deferred Retirement Option Plan (DROP):

7.21 Pension.

- b) Effective on September 30, 2000, the Tier B Pension Plan shall be eliminated and those sworn personnel covered under the Tier B Pension Plan shall be eligible for benefits as set forth in the pre-May 19, 1993, Supplemental Plan. Current employees covered under the Tier B Pension Plan shall be allowed to purchase their probationary time during the period of June 30, 2000 through September 30, 2000. A second window period shall occur from January 1, 2000 through March 31, 2000, and the current employees not in the Tier B Pension Plan shall have the option of buying back previous City service. Current employees not in the Tier B Pension Plan, but who are members of the System may elect, by written notice served on the Board of Trustees, before the expiration of the window period, to receive creditable pension service time for all past service in any department of the City of Miami Beach, whether the same was provisional or probationary service time. Any member so electing shall have included in his creditable pension service time under the System that portion of such time for which the member pays into the Fund the amount such member would have contributed had he been a member during the period of service for which credit is being purchased, plus three percent (3%) interest per year, excluding interest for the first six (6) months of being a member of the Pension Plan. The member shall have the period of January 1, 2000 through March 31, 2000 within which to pay for the additional creditable pension service time to which he may be entitled as herein provided. The member shall be allowed creditable pension service time for only that portion of said service time for which he has actually paid his share of the cost into the fund within the time permitted.

c) **DEFERRED RETIREMENT OPTION PLAN (DROP)**

11. Eligibility Exceptions

- a) A one-time "window period" shall occur for 45 days from the effective date of the DROP.
- b) During the window and subject to the other eligible conditions expressed herein, employees with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service may elect to enter the DROP for a term not to exceed 36 months.

REVISION OF IAFF/CITY AGREEMENT

page 2

- c) Members with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service as of the effective date of DROP who choose not to participate in DROP during this one-time window period shall forfeit the right to exceed the total service limits set forth in paragraph 2 (Conditions of Eligibility) above.
- d) A second window period shall occur from January 1, 2000 through March 31, 2000. Paragraphs b) and c) above shall be in effect during this additional window period. Current eligible employees not in the Tier B Pension Plan (including employees who have previously elected to participate in the DROP) shall have the option to begin their participation in the DROP at any point between October 1, 1998 and March 31, 2000. All other eligibility and participation conditions shall apply to any member choosing to begin retroactively his participation in the DROP, as of the beginning date of the employee's participation in the DROP.

Approved:

Jack Richardson, Jr.
For the IAFF
(Jack Richardson, Jr., IAFF President)

12/15/99
Date

Mary Greenwood
For the City of Miami Beach
(Mary Greenwood, Executive
Assistant to the City Manager/
Labor Relations)
12/15/99
Date

Neisen Kasdin
Neisen Kasdin, Mayor

ATTEST:

Robert Parcher
Robert Parcher, City Clerk

APPROVED AS TO FORM & LANGUAGE
& FOR EXECUTION
M. H. H. H. 12/22/99
City Attorney Date

Miami Beach Fraternal Order of Police - William Nichols Lodge No. 8
Negotiated Pension Changes
Contract Period 10/01/1997 - 09/30/2000

Appendix D

Section 8.20. Pension. The pension benefits as they currently exist shall continue, except as follows:

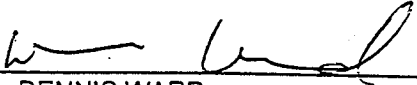
- a) Effective October 1, 1998, the pre-May 19, 1993 Supplemental Plan shall be amended to include a Rule of 70 age and service option wherein employees whose age and length of service in years combine to a sum equal to or greater than 70 will be eligible to retire and collect the pension to which their length of service entitles them without any penalty. This provision is subject to the following conditions:


- 1) The Board of Trustees of the Pension Fund for Firefighters and Police Officers in the City of Miami Beach adopts a change in the Actuarial Asset Valuation Method wherein the ratio of the Actuarial Asset Value is one-hundred percent (100%) of Market Value, and;
 - 2) The resulting decrease in the City's contribution for 1998/99 is equal to or greater than the actuarial determined cost for this benefit.
- b) Effective on September 30, 2000, the Tier B Pension Plan shall be eliminated and those sworn personnel covered under the Tier B Pension Plan shall be eligible for benefits as set forth in the pre-May 19, 1993, Supplemental Plan. Current employees covered under the Tier B Pension Plan shall be allowed to purchase their probationary time during the period of June 30, 2000 through September 30, 2000.
- c) The parties shall meet prior to Fiscal Year 1998/1999 for the purpose of negotiating the following subjects:
- 1) DROP and
 - 2) Buybacks of prior City service for pension credit.
 - 3) Whether the amount of overtime to be included in the definition of earnings shall remain the same or be increased to an amount not to exceed the maximum of the pay range plus longevity pay of the rank immediately above the rank of the retiring employee.

EXECUTED by the parties hereto on this 15th day of July, 1998.


MIAMI BEACH FRATERNAL ORDER
OF POLICE, LODGE NO. 8

CITY OF MIAMI BEACH

By: 
DENNIS WARD
FOP PRESIDENT

By: 
SERGIO RODRIGUEZ
CITY MANAGER

Approved by vote of the City Commission, 15 JULY, 1998.

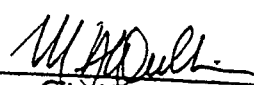

NEISEN KASDIN
MAYOR

ATTEST:


ROBERT PARCHER, CITY CLERK

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

Date: September 21, 1998

 6/30/98
City Attorney

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FIRE AND POLICE PENSION OFFICE
MIAMI BEACH, FLORIDA



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**Memorandum of Understanding
between
City of Miami Beach and Fraternal Order of Police**

The adoption and implementation of this Agreement is contingent upon the Police and Fire Pension Board adopting the 100% "fresh start" provision referenced in Section 8.20 (a)(1) of the 1997/2000 collective bargaining agreement on or before September 2, 1998. It is the intent of the parties that the Police and Fire Pension Board adopt the 100% "fresh start" actuarial asset valuation method and that the Police and Fire Pension Board will not take any action to reverse the adoption of the 100% "fresh start" actuarial asset valuation method during the respective valuation period.

- A) A Deferred Retirement Option Plan shall be created and eligible members of the bargaining unit may elect to participate in it subject to the following:

DEFERRED RETIREMENT OPTION PLAN (DROP)

1. **Eligibility** - Any active employee member of the Miami Beach Police and Firefighters Pension Plan may enter into the DROP on the first day of any month following the date upon which the employee first became eligible for a normal service retirement, subject to the conditions expressed herein or as modified from time to time.
2. **Conditions of Eligibility** - Upon becoming eligible to participate in the DROP, an employee may elect to enter that program for a period not to exceed 36 months. Notwithstanding, participation may not continue beyond the date when the employee's combined years of creditable service and time in the DROP equals 352 months (387 months for employees who were Plan members prior to July 1, 1976), except for those persons entering the DROP under the window period set forth in Paragraph 11 below. Provided also that participation in DROP shall require the employee to complete and submit the following prior to start of DROP payments.
 - a) Such forms as may be required by the Pension Board of Trustee's Plan Administrator. Election in the DROP is irrevocable once DROP payments begin.
 - b) A waiver and an irrevocable resignation from employment with the actual date of termination being the date designated by the employee as the end of his/her DROP participation. The administration and timing of execution and delivery of the waiver and resignation forms shall meet the requirements of the Age Discrimination in Employment Act and the Older Worker's Benefits Protection Act, as same may be amended from time to time.
3. **Conditions of Employment for DROP Participants** - Employees shall be subject to termination of employment while in DROP to the same extent as they were in their pre-DROP status. A person who has elected the DROP remains an employee during the DROP period and receives all the benefits of being an employee during the DROP period, except any form of pension contribution.

continued...

4. Effect of DROP Participation

- a) An employee's credited service and his/her accrued benefit under the Pension Plan shall be determined on the date of his/her election to participate in the DROP first becomes effective.
- b) The employee shall not accrue any additional credited service while he/she is a participant in the DROP, or after termination of participation in the DROP.
- c) A DROP participant is not eligible for disability benefits from the Plan.
- d) An employee may participate in the DROP only once.
- e) Effective with the start date of an employee's DROP participation, contributions to the Pension Plan by the employee and the normal cost contribution to the Pension Plan by the City, on behalf of the employee, shall cease.

5. **Payments to DROP Account** - A DROP account shall be created for each member who elects to participate in the DROP. A DROP account shall consist of amounts transferred to the DROP from the Plan, which include the monthly retirement benefits, including any future cost of living increases, that would have been payable had the member elected to cease employment and receive a normal retirement benefit upon commencing participation in the DROP, and earnings on those amounts.

6. DROP Account Earnings

- a) A member's DROP account shall be credited or debited at a rate equal to the actual net rate of investment return realized by the Pension Plan; provided, however, no DROP account will be credited with earnings that exceed the return that would be produced by the annual assumed earnings rate as established for the Pension Plan. Any excess earnings shall be retained by the Pension Fund. "Net investment return" for the purpose of this paragraph is the total return of the assets in which the member's DROP account is invested by the Board of Trustees net of brokerage commissions, investment management fees, transaction costs, and DROP account administrations costs. The actual DROP account administration costs shall be determined by the City's Internal Auditor in consultation with the Board of Trustees.
- b) A member's DROP account shall only be credited or debited with earnings while the member is a participant in the DROP and, depending on the DROP Account Payment Options selected, after the member dies, retires, or terminates employment with the City of Miami Beach.

continued...

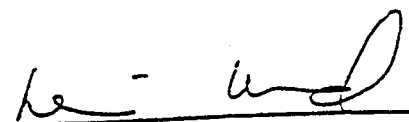
7. **Payment of DROP Account Funds** - Upon termination of a member's employment (for any reason, whether by retirement, resignation, discharge, disability, or death), the retirement benefits payable to the member or to the member's beneficiary shall be paid to the member or beneficiary and shall no longer be paid to the member's DROP account. No payments will be made from the DROP account until the member terminates employment.
8. **DROP Account Payment Options** - Following the termination of a participant's employment, the participant shall select one of the following options to begin to receive payment from his/her DROP account. Said selection shall occur no later than 30 days prior to the end of the DROP participation period or within 30 days following the termination of a participant's employment if said termination of employment occurs prior to the end of the DROP participation period:
 - a) **Lump Sum** - All accrued DROP benefits, plus interest, shall be paid from the DROP in a single lump sum payment.
 - b) **Partial Lump Sum** - A member designated portion of accrued DROP benefits, plus interest, shall be paid from the DROP in a partial lump sum payment with the remainder being directly rolled over into an eligible retirement plan.
 - c) **Direct Rollover** - All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan.
 - d) Other method(s) of payment that are in compliance with the Internal Revenue Code and adopted by the Pension Board of Trustees.
9. **Death of DROP Participant** - If a DROP member dies before his/her account balances are paid out in full, the participant member's designated beneficiary shall have the same rights as the member to elect and receive the pay-out options set forth in Paragraph 8, above. DROP payments to a beneficiary shall be in addition to any other retirement benefits payable to the beneficiary.
10. **Administration of DROP Accounts**
 - a) The Pension Board of Trustees shall make such administrative rules as are necessary for the efficient operation of DROP, but shall neither create any rule that is inconsistent with the legislation creating the Drop, nor any rule that would be a mandatory subject of collective bargaining.
 - b) At all times, the DROP will be administered so that the Plan remains qualified under the Internal Revenue Code and is in compliance with the Internal Revenue Code and applicable laws and regulations.

continued...

11. Eligibility Exceptions

- a) A one-time "window period" shall occur for 45 days from the effective date of the DROP.
 - b) During the window and subject to the other eligible conditions expressed herein, employees with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service may elect to enter the DROP for a term not to exceed 36 months.
 - c) Members with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service as of the effective date of DROP who choose not to participate in DROP during this one-time window period shall forfeit the right to exceed the total service limits set forth in paragraph 2 (Conditions of Eligibility) above.
12. If any provision of this DROP should be found invalid, unlawful, or not enforceable by reason of any existing or subsequently enacted legislation, or by judicial authority, or by an IRS regulation/ruling, the City and the Union agree to meet within 30 days of such determination for the purpose of negotiating a resolution to the invalid provision(s).
- B) The parties agree that Article 8, Section 8.20(c)(3) is withdrawn and that discussion shall be held regarding Section 8.20(c)(2).

FOR THE FOP


Dennis Ward

FOR THE CITY


Richard W. Bender

FIRE AND POLICE PENSION OFFICE
MIAMI BEACH, FLORIDA



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**REVISION OF THE CURRENT AGREEMENT BETWEEN THE FRATERNAL ORDER
OF POLICE, WILLIAM NICHOLS LODGE NO. 8 (FOP)
AND THE CITY OF MIAMI BEACH, FLORIDA**

The Fraternal Order of Police, William Nichols Lodge No. 8 (FOP) and the City of Miami Beach, Florida (City), agree to the following revisions of Article 8, Section 20 Pension of the current Labor Agreement and the Memorandum of Understanding, Article A, Deferred Retirement Option Plan (DROP):

**Current Labor Agreement
Section 8.20 Pension.**

- a) Effective October 1, 1998, the pre-May 19, 1993 Supplemental Plan shall be amended to include a Rule of 70 age and service option wherein employees whose age and length of service in years combine to sum equal to or greater than 70 will be eligible to retire and collect the pension to which their length of service entitles them without any penalty. This provision is subject to the following conditions:
 - 1) The Board of Trustees of the Pension Fund for Firefighters and Police Officers in the City of Miami Beach adopts a change in the Actuarial Asset Valuation Method wherein the ratio of the Actuarial Asset Value is one-hundred percent (100%) of Market Value, and;
 - 2) The resulting decrease in the City's contribution for 1998/99 is equal to or greater than the actuarial determined cost for this benefit.
- b) Effective on September 30, 2000, the Tier B Pension Plan shall be eliminated and those sworn personnel covered under the Tier B Pension Plan shall be eligible for benefits as set forth in the pre-May 19, 1993, Supplemental Plan. Current employees covered under the Tier B Pension Plan shall be allowed to purchase their probationary time during the period of June 30, 2000 through September 30, 2000. A second window period shall occur from January 1, 2000 through March 31, 2000, and the current employees not in the Tier B Pension Plan shall have the option of buying back previous City service. Current employees not in the Tier B Pension Plan, but who are members of the System may elect, by written notice served on the Board of Trustees, before the expiration of the window period, to receive creditable pension service time for all past service in any department of the City of Miami Beach, whether the same was provisional or probationary service time. Any member so electing shall have included in his creditable pension service time under the System that portion of such time for which the member pays into the Fund the amount such member would have contributed had he been a member during the period of service for which credit is being purchased, plus three percent (3%) interest per year, excluding interest for the first six (6) months of being a member of the Pension Plan.

M. H. Hult
City Attorney

12/22/99
Date

The member shall be allowed creditable pension service time for only that portion of said service time for which he has actually paid his share of the cost into the fund within the time permitted.

Memorandum of Understanding

A) DEFERRED RETIREMENT OPTION PLAN (DROP)

11. Eligibility Exceptions

- a) A one-time "window period" shall occur for 45 days from the effective date of the DROP.
- b) During the window and subject to the other eligible conditions expressed herein, employees with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service may elect to enter the DROP for a term not to exceed 36 months.
- c) Members with more than 315 months (350 months for employees who were Plan members prior to July 1, 1976) of creditable service as of the effective date of DROP who choose not to participate in DROP during this one-time window period shall forfeit the right to exceed the total service limits set forth in paragraph 2 (Conditions of Eligibility) above.
- d) A second window period shall occur from January 1, 2000 through March 31, 2000. Paragraphs b) and c) above shall be in effect during this additional window period. Current eligible employees not in the Tier B Pension Plan (including employees who have previously elected to participate in the DROP) shall have the option to begin their participation in the DROP at any point between October 1, 1998 and March 31, 2000. All other eligibility and participation conditions shall apply to any member choosing to begin retroactively his participation in the DROP, as of the beginning date of the employee's participation in the DROP.

Approved:

3
For the FOP
(Bernie Ruder, FOP President)

12-09-99

Date

ATTEST:

Robert Parcher
Robert Parcher, City Clerk

Mary Greenwood
For the City of Miami Beach
(Mary Greenwood, Executive
Assistant to the City Manager/
Labor Relations)
12-09-99
Date
Neisen Kasdin
Neisen Kasdin, Mayor